

DBEDT
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STATE OF HAWAII



QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary September 2003

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before September 5, 2003.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/>.

Printing of the *QSER* had been discontinued in March 2000. The full version and a *QSER Executive Summary* will be available on-line at <http://www.hawaii.gov/dbedt/qser/> and the *QSER Executive Summary* is available on request by e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division Library at (808) 586-2424.

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STATE OF THE ECONOMY

The state of Hawaii's economy might be described as relatively good, under less-than-ideal circumstances. Considering that neither the U.S. nor the Japanese economy is at its best, and considering that travel has slackened off worldwide, Hawaii's economy is doing relatively well. It continues to be helped through otherwise slow times by strong investment in construction and real estate. Hawaii is currently among the leading states in personal income growth and is below the national average in unemployment.

Hawaii's labor force and civilian employment both rose in the second quarter of 2003 compared to the second quarter of 2002, 3.6 percent and 4.0 percent respectively. This is the second consecutive quarter of strong labor force and employment growth. During the second quarter, 577,550 people were employed in Hawaii, 22,150 more than the year before. The unemployment rate was down in the second quarter of 2003 from 4.4 percent in the same period last year to 4.0 percent.

The number of wage and salary jobs was up 2.1 percent for the second quarter of 2003 compared to the second quarter of 2002. This growth produced Hawaii's highest all-time job count. Jobs are up most notably in Natural Resources, Mining, and Construction (7.6 percent), Educational Services (7.2 percent), Professional and Business Services (4.3 percent), Transportation, Warehousing and Utilities (3.6 percent), and Federal Government (3.6 percent).

Nominal personal income rose 5.5 percent in the first quarter of 2003 compared to the first quarter of 2002, the period for which the most recent data are available. Other Labor Income showed the highest rate

of increase (13.1 percent) followed by proprietors' income (7.2 percent), wages and salaries (6.4 percent), transfer payments (3.0 percent) and dividends, interest, and rent (0.8 percent). Almost all industries saw year-to-year quarterly increases in earnings with the exception of Finance and Insurance.

Tax revenues distributed to the State general fund were up 7.4 percent for the second quarter of 2003 compared to the second quarter of 2002. Revenues from the general excise and use tax increased by 13.4 percent, net individual income tax was down by 3.6 percent, and net corporate income taxes decreased 11.8 percent. Transient Accommodations Tax (TAT) revenues increased 2.7 percent.

The number of visitors arriving by air was down 4.7 percent comparing the second quarter of 2003 to the same quarter in 2002. Domestic arrivals were up 5.0 percent and international arrivals were off 27.9 percent. Hotel occupancy rates were up slightly, increasing from 67.5 percent in the second quarter of 2002 to 67.6 percent in the second quarter of 2003.

Hawaii construction industry activity continued to grow in the second quarter of 2003. The contracting tax base increased by 11.2 percent while total private building authorizations increased 62.0 percent. As mentioned above, jobs in the construction industry were up 7.6 percent.

Hawaii bankruptcy filings decreased by 6.4 percent in the second quarter of 2003. U.S. filings continued to rise, climbing 9.9 percent for the quarter and, once again, setting a new record high.

OUTLOOK FOR THE ECONOMY

The forecast for Hawaii's economy prepared for this Quarterly Statistical and Economic Report incorporates several data revisions and a couple of relatively minor adjustments to projections for 2003. Also, this edition introduces a projection for Visitor Days to supplement the projections of Visitor Arrivals and Visitor Expenditures.

Generally speaking, Hawaii's future growth is expected to be primarily related to the rate of expansion in the mainland U.S. and Japan economies, the sources of Hawaii's tourism demand and the main export markets for Hawaii's goods and services. For the last several months, the consensus projections of U.S. economic performance in 2003 have stopped declining and have stabilized around the 2.3 percent level. Both the Blue Chip Economic Forecast and the Consensus Forecast are projecting U.S. GDP in this range. Both Forecasts have increased their projections for real U.S. GDP in 2004 from 3.6 percent to 3.7 percent.

Slow growth is still being projected for Japan's economy. For 2003, the August Blue Chip Forecast expects Japan's economy to produce 0.8 percent positive growth in GDP, recovering to a further 1.1 percent increase in real GDP in 2004. Japan is projected to continue to struggle with deflation at least through 2004.

As part of a continuing reevaluation of the travel market, Hawaii visitor forecasts have been revised downward from the June forecast. Visitor expenditures have been re-estimated over the entire data series. In 2003, total visitor arrivals are now predicted

to grow 0.2 percent and visitor expenditures are forecast to increase 5.6 percent. The discrepancy between the arrivals and expenditures projections is related to increasing length of stay and average daily expenditures. Total visitor arrivals are projected to increase another 6.3 percent in 2004, a growth rate that would almost return Hawaii visitors to the record 2000 visitor levels. The growth of visitor days is not projected to keep pace with the increases in visitor arrivals because average length of stay is expected to return to previous levels as international visitors make up a larger share of total visitor arrivals.

The forecast for total wage and salary jobs in the state has been increased from 1.9 percent to 2.1 percent for 2003 due to stronger than expected job growth over the second quarter. Job growth is expected to be positive again in 2004 with a further 1.3 percent increase.

BEA's first quarter estimate of Hawaii's nominal personal income was 5.5 percent. This motivated an increase in the 2003 personal income projection from 4.0 percent to 4.6 percent. The 2003 projection for real personal income has been increased accordingly. Expectations for future years remain moderate.

Hawaii's Consumer Price Index (CPI) is projected to remain low. The recent release by the Bureau of Labor Statistics showed Honolulu's first half of 2003 CPI to have been 1.7 percent. The inflation rate is projected to climb slightly to 1.8 percent for the full year of 2003.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:
2001 TO 2006**

Economic Indicators	2001 (Actual)	2002 (Actual)	2003 (Forecast)	2004 (Forecast)	2005 Forecast	2006 Forecast
Total population (thousands)	1,227.0	1,244.9	1,261.1	1,273.7	1,286.4	1,299.3
Visitor arrivals (thousands)	6,350.4	6,452.8 p	6,465.9	6,872.9	7,122.1	7,303.2
Visitor days (thousands)	58,117.9	60,515.1 p	63,164.0	66,276.9	68,165.3	69,529.0
Visitor expenditures (million dollars)	9,194.6	9,993.8 p	10,557.1	11,385.8	12,024.6	12,576.3
Honolulu CPI-U (1982-84=100)	178.4	180.3	183.5	187.0	190.6	194.4
Personal income (million dollars)	35,625.1	37,397.0	39,114.6	40,679.2	42,306.4	43,998.6
Real personal income (\$1996 million)	34,087.5	35,405.8	36,377.2	37,127.3	37,892.9	38,635.9
Total wage & salary jobs (thousands)	562.4	562.6	574.6	582.1	589.7	597.9
Gross state product (million dollars)	43,710.0	45,753.2 p	47,903.7	49,915.6	52,012.1	54,196.6
Real gross state product (\$1996 million)	38,839.0	39,896.5 p	40,929.1	41,670.8	42,426.0	43,214.0
Gross state product deflator (1996=100)	112.5	114.7 p	117.0	119.8	122.6	125.4
Annual Percentage Change						
Total population	1.2	1.5	1.3	1.0	1.0	1.0
Visitor arrivals	-9.1	1.6 p	0.2	6.3	3.6	2.5
Visitor days	-6.2	4.1 p	4.4	4.9	2.8	2.0
Visitor expenditures	-11.6	8.7 p	5.6	7.8	5.6	4.6
Honolulu CPI-U	1.2	1.1	1.8	1.9	1.9	2.0
Personal income	3.6	5.0	4.6	4.0	4.0	4.0
Real personal income	2.4	3.9	2.7	2.1	2.1	2.0
Total wage & salary jobs	0.6	0.0	2.1	1.3	1.3	1.4
Gross state product	2.8	4.7 p	4.7	4.2	4.2	4.2
Real gross state product	-0.1	2.7 p	2.6	1.8	1.8	1.9
Gross state product deflator	2.8	1.9 p	2.1	2.3	2.3	2.3

p Preliminary.

Source: Hawaii State Department of Business, Economic Development & Tourism, September 5, 2003.

COUNTY ECONOMIC CONDITIONS

During the second quarter of 2003, the four Hawaii counties had roughly similar labor force and employment growth, but they experienced widely varying levels of visitor arrivals. All counties saw increases in labor force, employment and jobs, but visitor arrivals increased noticeably in Maui, while remaining flat or decreasing in the other counties.

For the second quarter of 2003 over the second quarter of 2002, Hawaii County showed the most pronounced labor force increase at 4.5 percent (Table 3) closely followed by Kauai County with an increase of 4.4 percent (Table 5). Labor force in the City and County of Honolulu was up 3.5 percent (Table 2) while Maui County had the smallest increase of any county at 2.4 percent (Table 4).

Civilian employment also increased in all four counties in the second quarter of 2003 with Kauai leading the way with a 5.2 percent increase. Employment was up 4.4 percent in Hawaii County, 4.1 percent in the City and County of Honolulu, and 2.8 percent in Maui County.

The unemployment rate was down in all counties except Hawaii County. Unemployment was down most in Kauai County, down 0.6 percentage points to 4.9 percent. The City and County of Honolulu's rate dropped 0.5 percentage points to 3.5 percent and Maui County's rate fell 0.4 percentage points to 4.0 percent. Hawaii County's unemployment rate increased a slight 0.1 percentage point to 6.4 percent.

The counties all showed positive overall rates of job growth. The City and County of Honolulu picked up 9,250 wage and salary jobs or 2.2 percent during the

second quarter of 2003. The largest increases were in Professional and Business Services; Natural Resources, Mining, and Construction; Health Care and Social Assistance; and Retail jobs. Hawaii County had an overall gain of 1,400 jobs or a 2.4 percent increase. Retail Trade; Business and Professional Services; and the Federal Government lead the other sectors in job gains for the quarter. Maui County added 700 jobs or 1.1 percent during the second quarter of 2003. The biggest gains were in Natural Resources, Mining, and Construction; and Federal Government. Agriculture on Maui lost 250 jobs. Kauai increased 750 jobs, 2.8 percent, lead by Transportation, Warehousing and Utilities and Retail Trade.

Visitor arrivals by air were up a robust 7.2 percent in Maui County, but were down 13.4 percent in the City and County of Honolulu. Arrivals were down 0.5 percent for Kauai County and down 2.5 percent in Hawaii County. Hotel occupancy rates were up in all counties except Honolulu. The largest increases were 4.5 percentage points to 75.2 percent on Kauai and 4.1 percentage points to 61.0 percent on Hawaii. It is probably the case that increasing average length of stay permitted the increase in occupancy in the face of declining arrivals.

General excise tax revenue growth was up more than 10 percent in all counties. Hawaii County had the largest rate of growth at 14.2 percent. It should be noted, however, that the GET is reported by company headquarters and may not reflect economic activity in the county. Individual income tax collections were up on Hawaii and Kauai and down on Oahu and Maui.

Table 1. 2003 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII

SERIES	UNIT	2nd QUARTER 2003		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	601,500	3.6	598,050	2.6
Civilian employment	Persons	577,550	4.0	576,100	3.5
Civilian unemployment	Persons	23,900	-6.1	21,900	-16.7
Unemployment rate 2/	%	4.0	-0.4	3.7	-0.8
Total wage and salary jobs	Jobs	574,900	2.1	572,900	2.4
Total non-agriculture wage and salary jobs	Jobs	568,300	2.2	566,250	2.6
Nat. Resources, Mining, Constr.	Jobs	27,450	7.6	27,100	8.4
Manufacturing	Jobs	15,150	-0.7	15,050	-2.6
Wholesale Trade	Jobs	16,500	1.5	16,400	1.2
Retail Trade	Jobs	64,500	2.1	64,500	2.1
Transp., Warehousing, Util.	Jobs	27,200	3.6	26,950	3.9
Information	Jobs	11,700	1.3	11,550	-0.4
Financial Activities	Jobs	28,400	3.3	28,200	2.9
Professional & Business Services	Jobs	68,750	4.3	68,500	5.0
Educational Services	Jobs	12,700	7.2	12,650	5.9
Health Care & Social Assistance	Jobs	52,650	3.0	52,300	3.2
Arts, Entertainment & Recreation	Jobs	11,300	2.7	11,150	2.8
Accommodation	Jobs	36,650	1.8	36,800	2.6
Food Services & Drinking Places	Jobs	50,650	0.0	50,550	1.2
Other Services	Jobs	24,000	0.4	23,900	1.3
Government	Jobs	120,750	0.6	120,850	1.5
Federal	Jobs	31,300	3.6	31,450	4.3
State	Jobs	72,500	-0.3	72,500	0.8
Local	Jobs	16,950	-0.6	16,950	-0.6
Agriculture wage and salary jobs	Jobs	6,600	-6.4	6,650	-7.6
State general fund revenues	\$1,000	813,686	7.4	1,585,734	4.3
General excise and use tax revenues	\$1,000	454,098	13.4	909,116	14.2
Income-individual	\$1,000	245,799	-3.6	499,880	-4.1
Declaration of estimated taxes	\$1,000	64,396	-14.9	110,703	-16.7
Payment with returns	\$1,000	44,089	-42.8	48,133	-48.6
Withholding tax on wages	\$1,000	259,948	1.8	540,822	4.2
Refunds	\$1,000	122,634	-19.9	199,779	-10.9
Transient accommodations tax	\$1,000	41,878	2.7	85,916	12.0
Visitor arrivals by air 3/	Persons	1,500,563	-4.7	3,060,120	-1.5
Domestic flight visitors	Persons	1,166,327	5.0	2,213,703	2.8
International flight visitors	Persons	334,236	-27.9	846,417	-11.4
Hotel occupancy rates 2/	%	67.6	0.1	71.1	1.9

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.
Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2003 SELECTED ECONOMIC ACTIVITIES:
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	2nd QUARTER 2003		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	425,950	3.5	423,550	2.5
Civilian employment	Persons	411,000	4.1	409,700	3.4
Civilian unemployment	Persons	14,950	-8.6	13,850	-19.2
Unemployment rate 2/	%	3.5	-0.5	3.3	-0.9
Total wage and salary jobs	Jobs	423,600	2.2	421,900	2.5
Total non-agriculture wage and salary jobs	Jobs	421,650	2.2	419,950	2.5
Nat. Resources, Mining, Constr.	Jobs	18,900	8.6	18,600	9.4
Manufacturing	Jobs	11,750	-0.8	11,650	-2.9
Wholesale Trade	Jobs	13,550	1.1	13,450	0.7
Retail Trade	Jobs	43,650	1.7	43,700	1.6
Transp., Warehousing, Util.	Jobs	20,100	2.8	19,950	3.4
Information	Jobs	9,650	1.6	9,500	-1.0
Financial Activities	Jobs	22,200	3.5	22,000	3.0
Professional & Business Services	Jobs	56,300	4.1	56,200	4.8
Educational Services	Jobs	11,100	7.8	11,050	5.7
Health Care & Social Assistance	Jobs	40,800	3.4	40,550	3.6
Arts, Entertainment & Recreation	Jobs	7,000	1.4	6,900	0.7
Accommodation	Jobs	15,350	3.4	15,450	4.7
Food Services & Drinking Places	Jobs	35,950	0.3	35,650	0.8
Other Services	Jobs	19,000	-0.3	18,950	0.5
Government	Jobs	96,300	0.5	96,400	1.4
Federal	Jobs	28,800	1.9	28,950	2.7
State	Jobs	55,950	0.0	56,000	1.4
Local	Jobs	11,450	-1.3	11,450	-1.3
Agriculture wage and salary jobs	Jobs	1,950	0.0	1,950	-2.5
General excise and use tax revenues	\$1,000	368,262	13.7	739,297	14.6
Income-individual	\$1,000	219,269	-5.2	451,521	-2.6
Declaration of estimated taxes	\$1,000	45,100	-18.6	73,804	-21.4
Payment with returns	\$1,000	37,394	-41.2	48,799	-37.3
Withholding tax on wages	\$1,000	229,187	1.7	476,531	3.9
Refunds	\$1,000	92,412	-18.4	147,613	-11.4
Transient accommodations tax	\$1,000	29,174	-1.2	61,041	10.7
Visitor arrivals by air	Persons	919,281	-13.4	1,908,322	-7.4
Domestic flight visitors	Persons	615,142	-2.7	1,167,678	-4.0
International flight visitors	Persons	304,139	-29.0	740,644	-12.3
Hotel occupancy rates 2/	%	64.8	-2.8	70.1	0.7

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.
Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 3. 2003 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY

SERIES	UNIT	2nd QUARTER 2003		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	73,050	4.5	72,600	3.6
Civilian employment	Persons	68,350	4.4	68,550	4.0
Civilian unemployment	Persons	4,650	5.7	4,050	-2.4
Unemployment rate 2/	%	6.4	0.1	5.6	-0.3
Total wage and salary jobs	Jobs	59,300	2.4	59,350	2.9
Total non-agriculture wage and salary jobs	Jobs	57,150	2.6	57,100	2.9
Nat. Resources, Mining, Constr.	Jobs	3,900	2.6	3,950	3.9
Manufacturing	Jobs	1,400	3.7	1,400	-3.4
Wholesale Trade	Jobs	1,400	3.7	1,400	3.7
Retail Trade	Jobs	8,300	5.7	8,300	6.4
Transp., Warehousing, Util.	Jobs	2,450	2.1	2,450	2.1
Information	Jobs	650	0.0	650	0.0
Financial Activities	Jobs	2,350	2.2	2,300	0.0
Professional & Business Services	Jobs	4,700	9.3	4,650	8.1
Educational Services	Jobs	650	0.0	650	0.0
Health Care & Social Assistance	Jobs	5,650	1.8	5,600	0.9
Arts, Entertainment & Recreation	Jobs	1,400	12.0	1,350	8.0
Accommodation	Jobs	6,750	0.7	6,800	1.5
Food Services & Drinking Places	Jobs	4,450	1.1	4,500	2.3
Other Services	Jobs	1,600	0.0	1,600	3.2
Government	Jobs	11,550	0.0	11,550	0.9
Federal	Jobs	1,200	20.0	1,200	20.0
State	Jobs	8,100	-1.8	8,100	-1.2
Local	Jobs	2,250	0.0	2,250	0.0
Agriculture wage and salary jobs	Jobs	2,150	-4.4	2,250	2.3
General excise and use tax revenues	\$1,000	34,253	14.2	68,978	15.2
Income-individual	\$1,000	13,551	31.8	24,229	-9.2
Declaration of estimated taxes	\$1,000	7,509	3.2	12,804	-16.9
Payment with returns	\$1,000	3,742	-33.4	2,312	-65.0
Withholding tax on wages	\$1,000	13,322	1.4	27,417	3.5
Refunds	\$1,000	11,022	-30.0	18,305	-16.1
Transient accommodations tax	\$1,000	2,769	4.4	6,124	9.4
Visitor arrivals by air	Persons	286,331	-2.5	597,347	-1.1
Domestic flight visitors	Persons	239,197	5.0	465,611	2.5
International flight visitors	Persons	47,134	-28.4	131,736	-12.2
Hotel occupancy rates 2/	%	61.0	4.1	65.6	3.3

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.
Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 4. 2003 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY

SERIES	UNIT	2nd QUARTER 2003		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	73,000	2.4	72,600	1.5
Civilian employment	Persons	70,050	2.8	69,850	2.4
Civilian unemployment	Persons	2,900	-7.9	2,700	-18.2
Unemployment rate 2/	%	4.0	-0.4	3.7	-0.9
Total wage and salary jobs	Jobs	64,750	1.1	64,500	1.5
Total non-agriculture wage and salary jobs	Jobs	62,850	1.5	62,650	2.0
Nat. Resources, Mining, Constr.	Jobs	3,350	8.1	3,300	10.0
Manufacturing	Jobs	1,550	-3.1	1,600	0.0
Wholesale Trade	Jobs	1,150	4.5	1,150	4.5
Retail Trade	Jobs	8,700	-0.6	8,650	-1.1
Transp., Warehousing, Util.	Jobs	3,050	3.4	3,000	1.7
Information	Jobs	900	-5.3	950	0.0
Financial Activities	Jobs	2,650	1.9	2,700	3.8
Professional & Business Services	Jobs	5,050	1.0	5,050	3.1
Educational Services	Jobs	750	7.1	750	7.1
Health Care & Social Assistance	Jobs	4,150	3.8	4,150	3.8
Arts, Entertainment & Recreation	Jobs	2,050	5.1	2,000	2.6
Accommodation	Jobs	10,900	0.5	10,900	0.5
Food Services & Drinking Places	Jobs	7,200	-1.4	7,300	1.4
Other Services	Jobs	2,700	5.9	2,650	3.9
Government	Jobs	8,650	2.4	8,650	3.6
Federal	Jobs	800	45.5	800	45.5
State	Jobs	5,750	-0.9	5,750	0.0
Local	Jobs	2,150	0.0	2,100	0.0
Agriculture wage and salary jobs	Jobs	1,850	-11.9	1,850	-15.9
General excise and use tax revenues	\$1,000	37,709	10.9	73,446	10.0
Income-individual	\$1,000	8,731	-11.3	17,367	-25.8
Declaration of estimated taxes	\$1,000	9,039	0.2	18,745	8.2
Payment with returns	\$1,000	1,014	-81.8	(3,706)	-156.0
Withholding tax on wages	\$1,000	12,957	1.6	27,440	8.0
Refunds	\$1,000	14,279	-18.4	25,112	-3.2
Transient accommodations tax	\$1,000	7,630	19.9	14,390	24.7
Visitor arrivals by air 3/	Persons	562,442	7.2	1,124,262	6.5
Domestic flight visitors	Persons	503,096	11.9	943,923	9.2
International flight visitors	Persons	59,346	-20.7	180,339	-5.6
Hotel occupancy rates 2/ 3/	%	74.1	2.4	75.7	2.8

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation

Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.

Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 5. 2003 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY

SERIES	UNIT	2nd QUARTER 2003		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,550	4.4	29,350	3.9
Civilian employment	Persons	28,150	5.2	28,050	5.5
Civilian unemployment	Persons	1,450	-6.5	1,350	-18.2
Unemployment rate 2/	%	4.9	-0.6	4.6	-1.2
Total wage and salary jobs	Jobs	27,350	2.8	27,250	3.8
Total non-agriculture wage and salary jobs	Jobs	26,700	3.3	26,550	3.9
Nat. Resources, Mining, Constr.	Jobs	1,300	8.3	1,300	8.3
Manufacturing	Jobs	450	12.5	450	12.5
Wholesale Trade	Jobs	400	0.0	400	0.0
Retail Trade	Jobs	3,850	4.1	3,850	5.5
Transp., Warehousing, Util.	Jobs	1,650	17.9	1,600	14.3
Information	Jobs	500	11.1	500	25.0
Financial Activities	Jobs	1,250	8.7	1,200	0.0
Professional & Business Services	Jobs	2,600	4.0	2,600	6.1
Educational Services	Jobs	200	33.3	150	0.0
Health Care & Social Assistance	Jobs	2,050	0.0	2,050	2.5
Arts, Entertainment & Recreation	Jobs	900	5.9	900	5.9
Accommodation	Jobs	3,650	1.4	3,700	2.8
Food Services & Drinking Places	Jobs	3,050	-1.6	3,050	1.7
Other Services	Jobs	700	0.0	700	0.0
Government	Jobs	4,250	0.0	4,250	1.2
Federal	Jobs	500	25.0	500	25.0
State	Jobs	2,700	-1.8	2,650	-1.9
Local	Jobs	1,100	0.0	1,100	0.0
Agriculture wage and salary jobs	Jobs	650	-13.3	700	0.0
General excise and use tax revenues	\$1,000	13,874	11.4	27,395	12.3
Income-individual	\$1,000	4,248	14.3	6,763	-11.6
Declaration estimated taxes	\$1,000	2,749	-30.0	5,350	-14.7
Payment with returns	\$1,000	1,939	-13.5	729	-72.3
With holding tax on wages	\$1,000	4,481	8.6	9,434	8.7
Refunds	\$1,000	4,920	-25.2	8,749	-11.9
Transient accommodations tax	\$1,000	2,306	3.3	4,362	-0.7
Visitor arrivals by air	Persons	248,788	-0.5	482,091	-0.8
Domestic flight visitors	Persons	227,586	3.9	423,932	3.3
International flight visitors	Persons	21,202	-31.6	58,159	-23.3
Hotel occupancy rates 2/	%	75.2	4.5	72.7	4.1

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.
Compiled by Hawaii State Department of Business, Economic Development & Tourism.

A. LABOR FORCE AND JOBS

Hawaii's civilian employment grew at a strong 4.0 percent growth rate in the second quarter of 2003 or 22,150 more persons employed than in the second quarter of 2002 (Table A-2). The current level of civilian employment is Hawaii's second-highest-ever employment surpassed only by the first quarter of 2000.

During the second quarter of 2003, the civilian labor force increased by 3.6 percent or 20,650 persons over the second quarter of 2002 (Table A-1). The number of unemployed in Hawaii was 23,900 in the second quarter of 2003. This was 1,550 or 6.1 percent fewer than the second quarter of 2002 (Table A-3). The unemployment rate declined from 4.4 percent to 4.0 percent from the second quarter of 2002 to the second quarter 2003 (Table A-4).

Total wage and salary jobs increased by 2.1 percent or 12,000 jobs measured year-to-year for the second quarter (Table A-5). This total second quarter 2003 job count sets a new all-time high for the number of wage and salary jobs in Hawaii.

Almost all private sector industries showed positive job growth from the second quarter of 2002. Among private sector industries, the greatest job growth between

the second quarters of 2002 and 2003 was in Professional and Business Services which increased 2,850 jobs or 4.3 percent (Table 1 and Table A-14). The greatest rate of increase occurred in Natural Resources, Mining and Construction (Table A-7) with a 7.6 percent increase or 1,950 jobs.

These private sector increases were followed by gains in Health Care and Social Assistance (3.0 percent, Table A-16), Retail Trade (2.1 percent, Table A-10), Transportation, Warehousing and Utilities (3.6 percent, Table A-11), Financial Activities (3.3 percent, Table A-13), and Educational Services (7.2 percent, Table A-15).

Private sector jobs declined in Manufacturing (-0.7 percent, Table A-8) and Agriculture (-6.4 percent, Table A-24).

Overall, the number of jobs increased 0.6 percent in government sectors during the second quarter of 2003. Federal government jobs rose 3.6 percent over the second quarter 2002 level (Table A-21), while State government jobs decreased by 0.3 percent (Table A-22) and local government jobs decreased by 0.6 percent (Table A-23).

1/ This September 2003 issue of QSER is the second issue to use the North American Industry Classification System (NAICS) rather than the U.S. Standard Industrial Classification (SIC) system. This conversion was made to provide industry data consistent with that presented by the Bureau of Economic Analysis and the Hawaii Department of Labor and Industrial Relations. Information on NAICS can be found at <http://www.census.gov/epcd/www/naics.html>.

Table A-5. TOTAL WAGE AND SALARY JOBS

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
Number of Jobs					
1990	528,900	537,950	536,300	548,800	538,050
1991	546,700	546,650	546,200	555,150	548,650
1992	552,300	554,050	548,400	553,700	552,100
1993	548,800	551,800	540,850	547,900	547,350
1994	543,300	546,050	538,950	548,300	544,100
1995	543,100	543,250	533,400	540,900	540,200
1996	538,400	538,600	533,500	542,000	538,100
1997	539,750	540,250	533,950	541,250	538,800
1998	537,100	540,350	535,700	542,250	538,850
1999	535,300	542,000	540,650	552,950	542,700
2000	550,200	560,000	557,400	569,150	559,250
2001	562,300	566,000	561,550	559,600	562,350
2002	555,700	562,900	560,000	571,750	562,600
2003	570,900	574,900	(NA)	(NA)	(NA)
Percentage Change from the Same Period in Previous Year					
1991	3.4	1.6	1.8	1.2	2.0
1992	1.0	1.4	0.4	-0.3	0.6
1993	-0.6	-0.4	-1.4	-1.0	-0.9
1994	-1.0	-1.0	-0.4	0.1	-0.6
1995	0.0	-0.5	-1.0	-1.3	-0.7
1996	-0.9	-0.9	0.0	0.2	-0.4
1997	0.3	0.3	0.1	-0.1	0.1
1998	-0.5	0.0	0.3	0.2	0.0
1999	-0.3	0.3	0.9	2.0	0.7
2000	2.8	3.3	3.1	2.9	3.0
2001	2.2	1.1	0.7	-1.7	0.6
2002	-1.2	-0.5	-0.3	2.2	0.0
2003	2.7	2.1	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by the Hawaii State Department of Business, Economic Development & Tourism from the Hawaii State Department of Labor & Industrial Relations monthly rounded data.

Source: Hawaii State Department of Labor & Industrial Relations.

B. INCOME AND PRICES

Personal income continued to grow at a strongly positive rate during the first quarter of 2003 (the period for which the latest data are available from the Bureau of Economic Analysis) measured over the first quarter of 2002. The increase was lead by the earnings of labor and proprietors, followed by transfer payments, and dividends, interest, and rent. There were year-to-year quarterly increases in earnings for all industries except Finance and Insurance (Table B-1).

Nominal personal income, not adjusted for inflation, rose \$2.0 billion or 5.5 percent in the first quarter of 2003 compared to the first quarter of 2002 (Table B-2). The wage and salary component grew by about \$1.3 billion or 6.4 percent in the first quarter of 2003 (Table B-3). Wages and salaries accounted for about 56 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, increased by about \$425 million or 13.1 percent in the first quarter of 2003 compared to 2002 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity, grew by \$200 million or 7.2 percent in the first quarter of 2003 compared to the first quarter of 2002 (Table B-5).

Dividends, interest, and rent rose by over \$50 million or 0.8 percent in the first quarter of 2003 (Table B-6).

Transfer payments, consisting largely of retirement and medical payments, grew by about \$140 million or 3.0 percent for the quarter (Table B-7). Personal contributions to social insurance, payments subtracted from personal income, increased \$113 million or 7.4 percent (Table B-8).

Earnings increased across almost all industries between the first quarter of 2002 and the first quarter of 2003. (This month's QSER introduces the North American Industry Classification System for listing of personal income by industry. Tables produced using this classification are not directly comparable to the previous Standard Industrial Classification.) In dollar terms, the largest increases came in Construction followed by Accommodation and Food Services and Health Care and Social Assistance (Table B-1). The only industry to experience an earnings decline from the first quarter of 2002 to the first quarter of 2003 was Finance and Insurance, which decreased almost \$100 million or 8.8 percent. Earnings increased by 9.0 percent in the public sector, largely due to the 11.6 percent increase in the federal component.

The increases in Hawaii's nominal personal income include a relatively low price component because of the low rate of inflation that has existed recently in the Hawaii economy. The Honolulu consumer price index rose by only 1.7 percent in the first half of 2003 compared to the same period in 2002 (Table B-9). This was somewhat lower than the 2.5 percent inflation experienced on the Mainland during the period.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In millions of dollars at seasonally adjusted annual rates. As of QSER September 2003, according to NAICS classification only]

Series	First Quarter 2002	Second Quarter 2002	Third Quarter 2002	Fourth Quarter 2002	First Quarter 2003	Annual average 2001	Annual average 2002	To First Quarter 2003 From		Annual average 2002 from 2001
								First Quarter 2002	Fourth Quarter 2002	
PERSONAL INCOME	36,757	37,244	37,570	38,016	38,773	35,625	37,397	5.5	2.0	5.0
Earnings By Place of Work	26,605	26,948	27,318	27,795	28,539	25,698	27,167	7.3	2.7	5.7
Wage and salary disbursements	20,490	20,696	20,926	21,251	21,794	19,897	20,841	6.4	2.6	4.7
Other labor income	3,253	3,324	3,420	3,524	3,678	3,014	3,380	13.1	4.4	12.2
Proprietors' income	2,861	2,928	2,973	3,020	3,067	2,788	2,946	7.2	1.6	5.6
Farm proprietors' income	2	1	1	2	0	-1	2	-100.0	-100.0	-250.0
Nonfarm proprietors' income	2,859	2,927	2,971	3,018	3,067	2,789	2,944	7.3	1.6	5.5
Dividends, interest, and rent	7,003	7,120	7,100	7,064	7,059	6,993	7,072	0.8	-0.1	1.1
Transfer payments	4,667	4,710	4,707	4,737	4,806	4,372	4,705	3.0	1.5	7.6
Less: Pers. cont. for social insur.	1,519	1,534	1,555	1,580	1,632	1,438	1,547	7.4	3.3	7.6
Earnings By Industry	26,604	26,948	27,318	27,795	28,539	25,699	27,166	7.3	2.7	5.7
Farm Earnings	199	200	203	205	204	186	202	2.5	-0.5	8.8
Nonfarm Earnings	26,405	26,748	27,115	27,590	28,335	25,513	26,965	7.3	2.7	5.7
Private earnings	18,197	18,415	18,759	19,084	19,385	17,904	18,614	6.5	1.6	4.0
Forestry, fishing, related activities, and other 6/	48	48	50	51	52	47	49	8.3	2.0	5.3
Mining	49	50	51	51	51	49	50	4.1	0.0	3.6
Utilities	203	211	212	211	214	204	209	5.4	1.4	2.6
Construction	1,636	1,736	1,812	1,832	1,904	1,593	1,754	16.4	3.9	10.1
Manufacturing	615	622	616	615	626	647	617	1.8	1.8	-4.6
Wholesale trade	746	743	764	757	754	737	753	1.1	-0.4	2.2
Retail trade	1,883	1,921	1,947	2,009	2,029	1,918	1,940	7.8	1.0	1.1
Transportation and warehousing	1,060	1,078	1,107	1,117	1,131	1,148	1,091	6.7	1.3	-5.0
Information	873	857	859	884	888	861	868	1.7	0.5	0.8
Finance and insurance	1,123	946	980	1,003	1,024	937	1,013	-8.8	2.1	8.1
Real estate and rental and leasing	637	662	665	691	690	647	664	8.3	-0.1	2.5
Professional and technical services	1,692	1,707	1,749	1,775	1,812	1,615	1,731	7.1	2.1	7.2
Management of companies and enterprises	444	458	437	477	491	382	454	10.6	2.9	18.8
Administrative and waste services	1,060	1,106	1,140	1,168	1,161	1,010	1,119	9.5	-0.6	10.8
Educational services	382	388	393	406	419	377	392	9.7	3.2	4.0
Health care and social assistance	2,297	2,362	2,372	2,397	2,471	2,257	2,357	7.6	3.1	4.4
Arts, entertainment, and recreation	317	323	328	339	330	319	327	4.1	-2.7	2.3
Accommodation and food services	2,347	2,401	2,480	2,494	2,523	2,369	2,431	7.5	1.2	2.6
Other services, except public administration	785	795	799	808	814	788	797	3.7	0.7	1.1
Gov't and gov't enterprises	8,208	8,333	8,356	8,506	8,949	7,608	8,351	9.0	5.2	9.8
Federal	4,872	4,929	5,010	5,077	5,439	4,541	4,972	11.6	7.1	9.5
Federal, civilian	2,018	2,047	2,092	2,174	2,244	1,970	2,083	11.2	3.2	5.7
Military	2,854	2,882	2,918	2,903	3,195	2,571	2,889	11.9	10.1	12.4
State and local	3,336	3,405	3,347	3,429	3,511	3,068	3,379	5.2	2.4	10.2

Source data for 2002Q1 to 2002Q4 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, July 23, 2003 <<http://www.bea.doc.gov/bea/regional/sqpi/>> and calculations by the Hawaii State Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,
ALL URBAN CONSUMERS (CPI-U)
[1982-84=100]**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
2002	179.9	180.3	171.9	181.2	102.6	170.9	2/	99.5	107.8	302.2
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
2002H1	178.9	180.1	172.3	180.5	106.2	171.7	2/	99.9	106.9	299.1
H2	180.9	180.4	171.6	181.9	99.1	170.1	2/	99.2	108.7	305.3
2003H1	183.3	183.2	173.7	184.7	99.2	175.2	2/	99.3	111.1	307.0
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
2002	1.6	1.1	1.4	1.2	1.6	-2.1	2/	-2.1	3.1	4.5
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.2	1.1	4.0	0.4	-0.3	0.9	2/	-1.5	0.2	3.3
2002H1	1.3	1.1	2.4	1.0	6.5	-2.4	2/	-2.2	3.3	4.0
H2	1.9	1.0	0.5	1.5	-3.1	-1.7	2/	-1.9	2.7	4.9
2003H1	2.5	1.7	0.8	2.3	-6.6	2.0	2/	-0.6	3.9	2.6

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (Current Series)

<<http://data.bls.gov/cgi-bin/dsrv>> and BLS Honolulu CPI News Releases

<<http://www.bls.gov/ro9/cpihono.htm>> accessed August 15, 2003

C. TAX REVENUES

State general fund tax revenues increased in the second quarter of 2003 over the second quarter of 2002. This overall increase is the result of particularly strong General Excise and Use Tax (GET) collections offsetting low net collections of Individual Income and Corporate Income taxes.

Tax revenues distributed to the State general fund were up 7.4 percent for the second quarter of 2003 over the second quarter of 2002 (Tables C-1 and C-2). This is an increase of almost \$56 million over the year-earlier quarter.

During the second quarter of 2003, GET revenues increased by \$54 million or 13.4 percent over the second quarter of 2002 (Table C-3). Three out of four of the reported GET tax base categories increased in the second quarter. The Retailing Tax base increased 8.3 percent (Table C-14), the Services tax base increased 9.6 percent (Table C-15), and Contracting was up by 9.5 percent (Table C-16). The Hotel Rentals tax base showed a 2.0 percent decline (Table C-17). When interpreting these figures in conjunction with other quarterly data in this report, it should be kept in mind that the tax data represent collections during the quarter. The transactions on which the taxes were paid did not necessarily take place during the quarter.

Revenues from the individual income tax declined 3.6 percent in the second quarter of 2003 over the same quarter in 2002 (Table C-4). This was a net decrease of a little over \$9 million.

Net individual income tax revenue is the sum of four components. The overall decrease in the second quarter was the result of an increase in the largest category, withholding tax on wages, and a decrease in refunds, which were offset by large decreases in the other two categories. Withholding Tax on Wages was up by 1.8 percent or \$4.5 million (Table C-7) compared to the second quarter of 2002. Refunds decreased by 19.9 percent or \$30.5 million which further enhanced net individual income tax collections (Table C-8). Declaration of Estimated Taxes decreased 14.9 percent or \$11 million (Table C-5), and Payment with Returns decreased by 42.8 percent or \$33 million (Table C-6).

Net corporate income tax revenue decreased by 11.8 percent or \$3 million in the second quarter of 2003 compared to the year-earlier quarter (Table C-9). This decline in corporate taxes was the result of a 3.2 percent decrease in Declaration of Estimated Taxes - Corporate (Table C-10) and a 47.6 percent decrease in Payment with Returns - Corporate (Table C-11) made even lower by a 15.9 percent increase in Refunds (Table C-12).

TAT revenue increased 2.7 percent or \$1.1 million in the second quarter of 2003 (Table C-13). Some of this TAT increase may be related to an increase in the visitor census in the first half of 2003.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
2001		1,660,764	1,100,317	48,269	3,172,251
2002		1,679,840	1,059,646	55,373	3,116,029
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,091
	4 Qtr.	409,533	260,749	-10,152	739,719
2002	1 Qtr.	395,795	266,388	18,655	761,922
	2 Qtr.	400,462	255,030	25,751	757,798
	3 Qtr.	473,241	266,331	4,267	820,290
	4 Qtr.	410,341	271,897	6,700	776,019
2003	1 Qtr.	455,018	254,081	-25,417	772,048
	2 Qtr.	454,098	245,799	22,712	813,686
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
2001		3.1	1.8	-28.6	3.4
2002		1.1	-3.7	14.7	-1.8
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9
	4 Qtr.	3.8	-3.0	-381.2	0.0
2002	1 Qtr.	-9.4	0.2	4.0	-7.7
	2 Qtr.	-1.8	-10.3	-12.0	-7.4
	3 Qtr.	16.4	-8.0	-62.0	4.0
	4 Qtr.	0.2	4.3	166.0	4.9
2003	1 Qtr.	15.0	-4.6	-236.2	1.3
	2 Qtr.	13.4	-3.6	-11.8	7.4

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

Individual income tax rates changed effective January 1, 1999, 2001 and 2002.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

Source: Hawaii State Department of Taxation.

D. TOURISM

During the second quarter of 2003, Hawaii's visitor industry appeared to show the effects of the unsettled international conditions that caused both mainland U.S. and Japanese travelers to show a preference for destinations within their own countries. Visitor arrivals from the U.S. mainland increased while arrivals from Japan decreased. The total number of visitor arrivals was down from the second quarter of 2002 while the average daily visitor census increased. Hotel occupancy rates showed a slight improvement for the quarter.

The number of visitor arriving by air was down 4.7 percent in the second quarter of 2003 from the second quarter of 2002 (Tables D-1 and D-2). This is about 74,000 fewer visitors than in the second quarter of 2002.

The overall quarterly decline in arrivals resulted from a large decrease in international arrivals which was not matched by the increase in domestic arrivals. The number of travelers on international flights decreased by 27.9 percent, while arrivals on domestic flights was up 5.0 percent comparing the second quarter of 2003 to the second quarter of 2002 (Tables D-3 and D-4).

Comparing the different major market areas, the Japan market dropped off by over 118,000 visitors or 34.7 percent from the second quarter 2002 to the second quarter 2003 (Table D-7).

Arrivals from the U.S. West made the largest positive contribution, increasing 5.4 percent (Table D-5), with arrivals from the U.S. East up a somewhat lower 3.9 percent (Table D-6).

The total average daily visitor census showed positive rate of increase even in the face of reduced visitor arrivals in the second quarter of 2003. This total increase of 4.9 percent (Table D-8) was produced by an 11.7 percent increase in domestic visitors' daily census, those arriving on flights from U.S. Mainland airports, moderated by a 19.6 percent decrease for the international visitors' daily census (Tables D-9 and D-10). The average daily census reflects both arrivals and length of stay.

Hotel occupancy rates rose 0.1 percentage point from 67.5 percent in the second quarter of 2002 to 67.6 percent in the second quarter of 2003 (Table D-11).

Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

Readers interested in reviewing the most recent daily passenger arrival data can find them at <http://www.hawaii.gov/dbedt/special/index.html>.

Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001	6,303,790	4,224,321	2,079,469	158,247	118,106	40,141
2002	6,360,291	4,340,130	2,020,161	162,803	124,061	38,742
2000 1 Qtr.	1,720,922	1,070,247	650,675	175,797	124,638	51,158
2 Qtr.	1,739,432	1,165,262	574,171	164,816	125,173	39,642
3 Qtr.	1,818,701	1,159,909	658,792	171,435	126,075	45,360
4 Qtr.	1,669,539	1,051,518	618,021	162,537	117,911	44,626
2001 1 Qtr.	1,715,088	1,079,787	635,301	176,954	126,606	50,348
2 Qtr.	1,673,990	1,129,578	544,413	159,596	120,781	38,816
3 Qtr.	1,647,050	1,091,324	555,726	162,674	119,887	42,787
4 Qtr.	1,267,662	923,632	344,030	134,185	105,365	28,821
2002 1 Qtr.	1,533,603	1,042,005	491,598	162,109	122,194	39,915
2 Qtr.	1,574,301	1,110,727	463,574	154,044	120,823	33,220
3 Qtr.	1,686,817	1,165,399	521,418	172,847	131,546	41,301
4 Qtr.	1,565,570	1,021,999	543,571	162,103	121,606	40,498
2003 1 Qtr.	1,559,557	1,047,376	512,181	171,877	128,907	42,970
2 Qtr.	1,500,563	1,166,327	334,236	161,662	134,944	26,718
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.6	4.6	-2.7
2001	-9.3	-5.0	-16.9	-6.2	-4.3	-11.2
2002	0.9	2.7	-2.9	2.9	5.0	-3.5
2000 1 Qtr.	1.9	4.7	-2.4	0.7	3.8	-6.3
2 Qtr.	7.6	10.1	2.9	8.7	10.9	2.4
3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.0
2001 1 Qtr.	-0.3	0.9	-2.4	0.7	1.6	-1.6
2 Qtr.	-3.8	-3.1	-5.2	-3.2	-3.5	-2.1
3 Qtr.	-9.4	-5.9	-15.6	-5.1	-4.9	-5.7
4 Qtr.	-24.1	-12.2	-44.3	-17.4	-10.6	-35.4
2002 1 Qtr.	-10.6	-3.5	-22.6	-8.4	-3.5	-20.7
2 Qtr.	-6.0	-1.7	-14.8	-3.5	0.0	-14.4
3 Qtr.	2.4	6.8	-6.2	6.3	9.7	-3.5
4 Qtr.	23.5	10.7	58.0	20.8	15.4	40.5
2003 1 Qtr.	1.7	0.5	4.2	6.0	5.5	7.7
2 Qtr.	-4.7	5.0	-27.9	4.9	11.7	-19.6

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development & Tourism.

Table D-11. HOTEL OCCUPANCY RATE

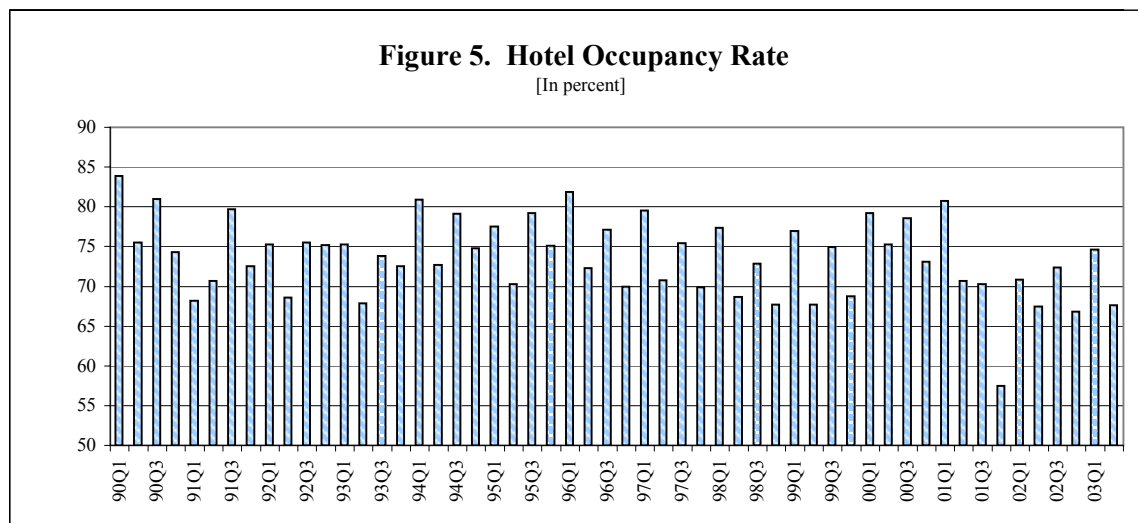
Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	67.7	71.5
1999	77.0	67.7	75.0	68.7	72.1
2000	79.2	75.2	78.5	73.1	76.0
2001	80.7	70.7	70.3	57.5	69.2
2002	70.8	67.5	72.4	66.8	69.3
2003	74.6	67.6	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

Note: 1998 - 2001 quarterly data were revised.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC.



E. CONSTRUCTION

Indicators of Hawaii's construction industry activity were mostly positive for the second quarter of 2003. Solid increases occurred in both the contracting tax base and total private building authorizations. Government contracts awarded declined in the second quarter of 2003.

The contracting tax base, which measures construction activity subject to the general excise tax, increased by 11.2 percent from the second quarter of 2002 to the second quarter of 2003 (Table E-1). GET was paid on \$1,139.3 million worth of construction in the second quarter of 2003.

The value of residential building permit authorizations was up 40.5 percent statewide for the second quarter of 2003 (Table E-1). The number of single-family unit authorizations was up 22.2 percent (Table E-2), but multi-family units authorized were down 19.0 percent (Table E-3). Honolulu's total private authorizations are up by 75.3 percent from the second quarter of 2002, Hawaii County authorizations increased 35.8 percent, Maui County was up 151.3 percent and Kauai County residential permits are down 36.6 percent (Table E-6). (Beginning in the first quarter of 2002, Kauai County permit value data are only for residential.)

Government contracts awarded were down 35.6 percent from the second quarter of 2002 to the second quarter of 2003 (Table E-1). State Government Capital Improvement Project expenditures (CIP) were up for the second quarter by 100.4 percent over the second quarter of 2002 (Table E-11). Most of the CIP expenditure was from General Obligation bond funds,

but large shares were also from Special Funds and Federal Funds.

Median sale price for single family and condominium resales in Honolulu both continued to increase in the second quarter of 2003 over the second quarter of 2002. Single-family median value was up 13.6 percent to \$375,000 (Table E-7) and the median Honolulu condo price was up 12.6 percent to \$168,900 (Table E-8). The number of single-family units resold increased by 8.9 percent (Table E-9) while the number of condo unit resales was up 22.7 percent (Table E-10).

Wage and salary jobs in the construction industry increased statewide in the second quarter compared to 2002. Construction jobs were up about 7.6 percent from the second quarter of 2002 to the second quarter of 2003 (Table 1, Table A-7). (The Natural Resources, Mining and Construction jobs category published by the Department of Labor and Industrial Relations is currently 99 percent construction jobs and one percent mining jobs.) Construction jobs grew in all counties. City and County of Honolulu construction jobs increased 8.6 percent (Table 2), Kauai County was up 8.3 percent (Table 5), Maui County was up 8.1 percent (Table 4), and Hawaii County was up 2.6 percent (Table 3).

In the second quarter of 2003, the Honolulu Construction Cost Index for Single Family Residences rose by 3.7 percent over the second quarter of 2002 (Table E-4), while the comparable index for high-rise buildings rose by 3.2 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
2001	3,766.4	1,585.7	882.4	329.1	374.2	715.7
2002 4/	4,274.9	1,435.8	921.3	253.2	307.3	768.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	362.5	186.3	96.6	79.6	178.0
2 Qtr.	918.4	423.6	234.3	77.9	111.5	175.7
3 Qtr.	893.2	421.0	256.3	68.3	96.4	113.1
4 Qtr.	1,034.3	378.6	205.6	86.3	86.7	248.9
2002 1 Qtr.	913.7	336.3	191.7	47.0	97.6	250.8
2 Qtr.	1,025.0	437.1	276.9	59.4	100.9	133.6
3 Qtr.	1,213.7	497.6	346.6	46.1	103.8	255.7
4 Qtr.	1,122.5	501.1	297.8	100.7	102.6	128.2
2003 1 Qtr.	1,122.3	655.1	326.0	217.9	111.3	168.3
2 Qtr.	1,139.3	708.2	389.0	155.7	163.4	86.0

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data only.

4/ Beginning with 2002 Kauai data available for residential only.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
2001	4.2	4.8	10.3	33.7	-19.7	-11.7
2002	13.5	-9.5	4.4	-23.1	-17.9	7.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	3.0	-8.3	57.6	-8.8	-18.0
2 Qtr.	5.7	7.8	20.2	6.9	-10.9	81.9
3 Qtr.	-0.2	11.5	25.6	15.6	-15.6	-72.1
4 Qtr.	6.4	-3.0	3.9	63.3	-37.9	170.3
2002 1 Qtr.	-0.7	-7.2	2.9	-51.3	22.6	40.9
2 Qtr.	11.6	3.2	18.2	-23.7	-9.5	-24.0
3 Qtr.	35.9	18.2	35.3	-30.9	7.7	126.1
4 Qtr.	8.5	32.4	44.9	16.7	18.3	-48.5
2003 1 Qtr.	22.8	94.8	70.1	363.6	14.0	-32.9
2 Qtr.	11.2	62.0	40.5	162.1	61.9	-35.6

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

4/ 2002 Kauai data available for residential only. Multi-family construction for Oahu were revised based on U.S. Census Bureau data.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank;
Building Industry Magazine (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

F. OTHER INDICATORS

The total number of Hawaii bankruptcy filings declined in the second quarter of 2003 over the second quarter of 2002. This decrease makes the sixth straight quarter total Hawaii bankruptcies decreased.

The total number of bankruptcy filings decreased by 6.4 percent in the second quarter 2003 compared to the second quarter of 2002 (Table F-1). Total bankruptcies decreased from 1,116 to 1,045.

Chapter 7 filings, the largest category, are down from the previous second quarter by 9.3 percent. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start. Individuals are allowed to keep certain exempt property while the remaining property is sold to pay creditors.

Chapter 11 filings increased 325.0 percent, growing from 4 in the second

quarter of 2002 to 17 in the second quarter of 2003. Chapter 11 filings involve the structuring of repayment plans for companies.

Chapter 13 filings increased 8.0 percent in the second quarter of 2003 over the second quarter of 2002. Chapter 13 bankruptcy allows debtors to work out repayment arrangements with creditors.

The ongoing decline in total Hawaii bankruptcy filings continues to run counter to the increase in filings for the nation as a whole. U.S. bankruptcy filings were up 9.9 percent for the second quarter of 2003 compared with the second quarter 2002. This once again set a new historic high for national filings in any quarter. Quarterly U.S. bankruptcy statistics can be found at: http://www.uscourts.gov/Press_Releases/.

Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)

